

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF SAN BERNARDINO COUNTY, CALIFORNIA  
AND RECORD OF ACTION**

REVISED

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November 23, 2004

**FROM:**       **DAVID H. SLAUGHTER**, Director  
Real Estate Services Department

**GARY PENROD**, Sheriff  
Sheriff's Department

**SUBJECT:   LEASE AGREEMENT WITH SAN BERNARDINO INTERNATIONAL AIRPORT  
AUTHORITY**

**RECOMMENDATIONS:**

1. Approve a three-year lease agreement with the San Bernardino International Airport Authority (SBIAA) for 39,818 square feet of hangar space and 1,586 square feet of office space in San Bernardino for the Sheriff's Department (Sheriff) in the amount of \$506,772.
2. Authorize the Auditor/Controller-Recorder to adjust appropriations in the Sheriff's and Rents budgets, as detailed in the financial impact section, to enable the payment of increased lease costs in 2004-05. (Four votes required)

**BACKGROUND INFORMATION:** On March 1, 1995, the Director of Real Estate Services Department (RES D) executed a three-year lease agreement, No. S-95-027, with three one-year options for 11,777 square feet of hangar space for aircraft storage and maintenance and 1,586 square feet of office space at the San Bernardino International Airport (building no. 695) in San Bernardino. The original term of the lease was March 1, 1995 through February 28, 1998. In the eight years since the lease was originally approved, the Director of RES D and the County Administrative Officer (CAO), have approved five amendments which are summarized below:

<u>Amend. No.</u>	<u>Approval Date</u>	<u>Action</u>
1	June 3, 1995	<ul style="list-style-type: none"><li>• Approved by Director of RES D</li><li>• Exercised the first of three one-year options extending the term to February 28, 1999</li><li>• Relocated the County from building no. 695 consisting of 11,777 sq. ft. of hangar and 1,586 sq. ft. of office space to building no. 795 consisting of 3,025 sq. ft. of hangar and 392 sq. ft. of office space</li><li>• Reduced the monthly rent from \$1,750 (\$0.13/sq.ft./modified gross) to \$512.55 (\$0.15/sq.ft./modified gross)</li></ul>
2	Jan. 25, 1999	<ul style="list-style-type: none"><li>• Approved by Director of RES D</li><li>• Exercised the second of three one-year options extending the term to February 29, 2000</li></ul>

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<u>Amend. No.</u>	<u>Approval Date</u>	<u>Action</u>
3	March 1, 2000	<ul style="list-style-type: none"><li>• Approved by Director of RESD</li><li>• Exercised the third of three one-year options extending the term to February 28, 2001</li><li>• Added two additional one-year options to extend the term</li><li>• Deleted the existing utilities paragraph and added a new paragraph which required the County to pay \$100 per month for electrical expenses until the premises are separately metered by SBIAA</li></ul>
4	April 12, 2001	<ul style="list-style-type: none"><li>• Approved by CAO</li><li>• Exercised the first of two one-year options to extend the term to February 28, 2002</li></ul>
5	April 2, 2002	<ul style="list-style-type: none"><li>• Approved by CAO</li><li>• Exercised the second of two one-year options to extend the term to February 28, 2003</li><li>• Provided County the right to negotiate a lease extension for a period of 60 days</li><li>• Increased the monthly rent from \$512 (\$0.15/sq.ft./modified gross) to \$615 (\$0.18/sq.ft./modified gross)</li></ul>
6	Oct. 28, 2003	<ul style="list-style-type: none"><li>• Approved by CAO</li><li>• Extended the term for one year to February 24, 2004</li><li>• Increased leased space from 3,417 square feet to 8,333 square feet of hangar space</li><li>• Increased the monthly rent from \$615 (\$0.18/sq.ft./modified gross) to \$2,500 (\$0.30/sq.ft./modified gross)</li></ul>

This lease has been in holdover due to a change in the real estate management personnel at SBIAA, landlord improvements to the hangar and protracted negotiations. During the holdover period, the Sheriff requested RESD negotiate an extension of the term from March 1, 2004 to February 28, 2005.

On July 13, 2004, SBIAA provided written notification to the Sheriff and RESD that Lease Agreement No. 01-337 for building/hangar no. 749 located at SBIAA would be terminated as of September 30, 2004. Through negotiation with SBIAA, Sheriff and RESD, it became evident that the only viable alternative for the relocation of the facility known as building/hangar no. 749 at SBIAA was to merge with Sheriff's facility hangar no. 795.

On August 23, 2004, the CAO approved Capital Improvement Program (CIP) request Nos. 05-34 and 05-35 submitted by the Sheriff for approximately 39,000 square feet of hangar and office space in San Bernardino with a term including options not to exceed five years. RESD negotiated a new three-year lease with two one-year options for building no. 795 at the SBIAA. This lease agreement is exempt from County Policy 08-02-01 regarding the lease of privately owned real property for County use because SBIAA is a public entity.

The lease terms are summarized as follows:

Lessor: San Bernardino International Airport Authority

Location: Building no. 795 at the SBIAA

Size: 39,818 square feet of hangar  
1,586 square feet of office

Term: Three years commencing November 1, 2004

Options: Two one-year options to extend the term

	<u>Cost per sq. ft.</u>	<u>Monthly</u>	<u>Annual</u>
Rent:	\$0.34*	\$14,077	\$168,924
	*Low range for the San Bernardino area		

Annual increases: None

Improvement costs: None

Custodial: Provided by County

Maintenance: Provided by Lessor

Utilities: Provided by Lessor

Right to terminate: None

Parking: Sufficient for County needs

**REVIEW AND APPROVAL BY OTHERS:** This item has been approved by County Counsel (Fiona Luke, Deputy County Counsel, 387-5455) on October 20, 2004; Sheriff's Department (Capt. Richard Beemer, 387-3649) on October 20, 2004; and the County Administrative Office [Daniel R. Kopp (387-3828) and Laurie Rozko (387-8997), Administrative Analysts] on November 15, 2004.

**FINANCIAL IMPACT:** The total amount of this three-year agreement is \$506,772. The cost in 2004-05 is \$112,616 (\$14,077 per month x eight months). Payments will be made from the Rents budget (AAA RNT) and reimbursed from the Sheriff's budget (AAA SHR). Appropriation for the existing lease agreements, Nos. S-95-027 and 01-337, for the remainder of 2004-05 is \$45,376. Therefore, appropriation adjustments of \$67,240 (\$112,616 - \$45,376) are required as follows:

Sheriff

Services and Supplies	AAA SHR SHR 200 2135	Decrease	\$67,240
Transfers Out	AAA SHR SHR 540 5012	Increase	\$67,240

Rents

Services and Supplies	AAA RNT RNT 200 2905	Increase	\$67,240
Reimbursements	AAA RNT RNT 546 5013	Increase	\$67,240

Annual lease costs are as follows:

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<u>Year</u>	<u>Annual lease cost</u>
November 1, 2004 to October 31, 2005	\$168,924
November 1, 2005 to October 31, 2006	\$168,924
November 1, 2006 to October 31, 2007	\$168,924

**COST REDUCTION REVIEW:** The County Administrative Office has reviewed this agenda item, concurs with the department's and RESD's proposal, and recommends this action based on the Sheriff's continuing need for space for aircraft storage and maintenance and automotive storage in the San Bernardino area. The lease cost is included in the Sheriff's budget and will not require additional local cost. Consolidation of this space with other existing space has been explored and no feasible opportunity exists at this time.

**SUPERVISORIAL DISTRICT:** Fifth

**PRESENTER:** David H. Slaughter, Director, 387-7813

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